

The Treasury Note



*A monthly newsletter
of municipal finance
February 1, 1999*

Governor Presents 1999-00 Budget To State Legislature

On January 9, the Governor unveiled a new budget for fiscal year 1999-00 and a revision of the current fiscal year budget. The budget included investments in education and infrastructure.

California's economy has showed some evidence of slowing. However, from all indications, the State's economy will continue to grow in 1999-00. Personal income growth is projected at 5.1 percent this year and 5.5 percent in 2000. Nonfarm employment is expected to increase 2.1 percent in 1999 and 2.4 percent in 2000.

Revenues for the 1998-99 and 1999-00 Fiscal Years are projected to be \$56.3 and \$60.3 billion respectively. The current fiscal year is projected to end with a \$1.1 billion General Fund balance. For Fiscal Year 1999-00, the budget projects a General Fund balance of \$895 million. Of this amount, \$415 million is set aside as a "rainy-day reserve."

1999-00 General Fund Budget Summary (Dollars in Millions)

	<u>1998-99</u>	<u>1999-00</u>
Beginning Resources	\$3,076	\$1,098
Revenues and Transfers	<u>\$56,293</u>	<u>\$60,272</u>
Total Resources	\$59,369	\$61,370
Expenditures	<u>\$58,271</u>	<u>\$60,475</u>
Fund Balance	\$1,098	\$895
"Rainy-day reserve"	\$618	\$415

The Treasurer, along with top officials from the Department of Finance, has begun meeting with rating agency representatives to present the 1999-00 budget and answer any questions. Shortly after these meetings, the rating agencies will either confirm the State's current credit ratings or release new ones.

New Chief Deputy & Deputy State Treasurer Appointed

On January 19, the Treasurer announced the appointment of three members to his management team. Kristin L. Faust has been appointed as the Chief Deputy Treasurer and Barbara A. Lloyd has been appointed as the Deputy Treasurer. Both of these individuals will be joining the office in February.

Michael Picker has already joined the office and will serve as Deputy Treasurer as well as Executive Director of the California Industrial Development Financing Advisory Commission.

Treasurer Requests Underwriter's Statement of Qualifications

The Treasurer has issued a Request for Statement of Qualifications (RFQ) for underwriting services. The RFQ will be used to form a new pool of underwriters that will provide services to the State Treasurer's Office, as well as various financing authorities.

State law requires the Treasurer to develop and implement a competitive process for selection of underwriters for negotiated offerings of bonds. The evaluation process for selecting underwriters is expected to take a few weeks and firms will be notified of the results by April 1, 1999.

Interested firms who have not already received a copy of the RFQ may obtain a copy from the State Treasurer's web page at www.treasurer.ca.gov/forms.htm. Firms may also obtain a copy by calling the State Treasurer's Office at (916) 653-3967. All responses must be received by the State Treasurer's Office no later than noon (Pacific Standard Time) on February 23, 1999.

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**Phone (800) 900-3873 or (916) 653-3243
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Have a question you would like to ask the State Treasurer?

Send it to : California State Treasurer
Investor Relations Section
P.O. Box 942809
Sacramento, CA 94209-0001

To receive the *Treasury Note* monthly, enroll for direct deposit of your payments, or other bond related questions, please call: **1-800-900-3873**



Listing of Redemptions

There are no official announcements of redemptions as of February 1, 1999.

Ask The State Treasurer

Q: Last year I received a 1099-B notice from your office. Will I be receiving one this year, and if so, when should I expect to receive it?

A: If you received a redemption payment from the State Treasurer's Office in 1998 you will receive a 1099-B notice. If you have received taxable payments from our office in 1998, you will receive a Form 1099-INT. Our office will mail out both of these forms on or before January 31, 1999. Please call the *Bondholder Services Section* at (916) 653-2884 if you have questions regarding the 1099-B notice or Form 1099-INT.

Q: I have a State of California General Obligation book-entry bond. My interest payments from this bond account are sent to my current bank. How can I get my interest payments sent to a different bank if I decide to change banks?

A: With book-entry bonds, your interest payments are sent to you from your broker. Your broker has established an account for you and handles the arrangements to disburse your payments. To change where you would like your payments to be deposited, please contact your broker. They are responsible for forwarding your payments to the appropriate bank.

Bond Sales Calendar*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information regarding upcoming sales, please contact the Debt Issuance Section at (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Various Purpose General Obligation Bonds	\$500 million	February 23, 1999
State Public Works Board Refunding, Various Lease Revenue Bonds	\$36.9 million	March 1999
Department of Veterans Affairs, Home Purchase Revenue Bonds	\$140 million	March 17, 1999
Department of Veterans Affairs, Home Purchase Revenue Bonds - Short-Term Remarketing	\$100 million	March 17, 1999
Various Purpose General Obligation Bonds	To be determined	April 7, 1999
Department of Veterans Affairs, General Obligation Bonds	To be determined	April 14, 1999

***Subject to change without notice.**